

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

RECEIVED

APR 01 2004

ARIZONA CORPORATION COMMISSION
DIRECTOR OF UTILITIES

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-01583A
Las Quintas Serenas Water Company
P. O. Box 68
Sahuarita AZ 85629

ANNUAL REPORT

FOR YEAR ENDING

9	30	2003
---	----	-------------

FOR COMMISSION USE

Ann04	03
--------------	-----------

DALE R. CALVERT, PLLC

CERTIFIED PUBLIC ACCOUNTANT

2970 N. SWAN ROAD, #220
TUCSON, AZ 85712

Voice (520) 325-1544

Fax (520) 325-1121

E-mail drcalvert@cpatucson.com

March 16, 2003

Board of Directors
Las Quintas Serenas Water Company
Sahuarita, Arizona

We have compiled the accompanying balance sheet of Las Quintas Serenas Water Company (a corporation) as of September 30, 2003 and 2002 and the related comparative statement of income and expense for the years then ended and the supplementary information contained in the schedule of utility plant in service, schedule of calculation of depreciation expense for the current year, schedule of supplemental financial data, schedule of property taxes and schedule of income taxes for the year ended September 30, 2002 included in the accompanying prescribed form, Water Utility Annual Report, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation is limited to presenting in the form prescribed by the Arizona Corporation Commission information that is representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Arizona Corporation Commission which differ from a presentation in conformity with generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.



Dale R. Calvert
Certified Public Accountant

COMPANY INFORMATION

Company Name (Business Name) <u>Las Quintas Serenas Water Company</u>			
Mailing Address <u>P. O. Box 68</u> (Street)			
<u>Sahuarita</u> (City)	<u>Arizona</u> (State)	<u>85629</u> (Zip)	
<u>(520) 625-8040</u> Telephone No. (Include Area Code)	<u>(520) 648-3520</u> Fax No. (Include Area Code)	<u>(520) 540-8319</u> Pager/Cell No. (Include Area Code)	
Email Address <u>lqswater@aol.com</u>			
Local Office Mailing Address <u>P. O. Box 68</u> (Street)			
<u>Sahuarita</u> (City)	<u>Arizona</u> (State)	<u>85629</u> (Zip)	
<u>(520) 625-8040</u> Local Office Telephone No. (Include Area Code)	<u>(520) 648-3520</u> Fax No. (Include Area Code)	<u>(520) 540-8319</u> Pager/Cell No. (Include Area Code)	
Email Address <u>lqswater@aol.com</u>			

MANAGEMENT INFORMATION

Management Contact: _____ (Name) (Title)			
_____ (Street)	_____ (City)	_____ (State)	_____ (Zip)
_____ Telephone No. (Include Area Code)	_____ Fax No. (Include Area Code)	_____ Pager/Cell No. (Include Area Code)	
Email Address _____			
On Site Manager: <u>Steve Gay</u> (Name)			
<u>16961 Camino de las Quintas</u> (Street)	<u>Sahuarita</u> (City)	<u>Arizona</u> (State)	<u>85629</u> (Zip)
<u>(520) 625-8040</u> Telephone No. (Include Area Code)	<u>(520) 648-3520</u> Fax No. (Include Area Code)	<u>(520) 540-8319</u> Pager/Cell No. (Include Area Code)	
Email Address <u>lqswater@aol.com</u>			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Steve Gay
 (Name)

16961 Camino de las Quintas Sahuarita Arizona 85629
 (Street) (City) (State) (Zip)

(520) 625-8040 (520) 648-3520 (520) 540-8319
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: Lawrence V. Robertson, Jr.
 (Name)

333 N. Wilmot Road, #100 Tucson Arizona 85711
 (Street) (City) (State) (Zip)

(520) 721-1900 (520) 747-1550
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

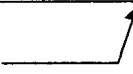
COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|--|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input checked="" type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	5,217		5,217
304	Structures and Improvements	6,599	383	6,216
307	Wells and Springs	259,402	75,890	183,512
311	Pumping Equipment	154,555	35,213	119,342
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	82,215	48,381	33,834
331	Transmission and Distribution Mains	822,434	437,449	384,985
333	Services	2,427	1,207	1,220
334	Meters and Meter Installations	99,647	63,154	36,493
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	13,424	13,424	-0-
341	Transportation Equipment	9,000	4,450	4,550
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment	6,943	6,000	943
348	Other Tangible Plant			
	TOTALS	1,461,863	685,551	776,312

This amount goes on the Balance Sheet Acct. No. 108 

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	5,217		-0-
304	Structures and Improvements	6,599	.05	330
307	Wells and Springs	259,402	.05	12,970
311	Pumping Equipment	154,555	.05	7,728
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	82,215	.05	4,111
331	Transmission and Distribution Mains	822,434	.05	41,122
333	Services	2,427	.05	121
334	Meters and Meter Installations	99,647	.05	4,982
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	13,424	.05	671
341	Transportation Equipment	9,000	.05	450
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment	6,943	.05	348
348	Other Tangible Plant			
	TOTALS	1,461,863		72,833

This amount goes on Comparative Statement of Income and Expense _____
Acct. No. 403.

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
		09/30/02	03/30/03
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 52,002	\$ 72,674
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	9,095	4,273
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	8,915	9,396
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	240,592	238,789
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 310,604	\$ 325,132
	FIXED ASSETS		
101	Utility Plant in Service	\$ 1,443,214	\$ 1,461,863
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	612,719	685,551
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 830,495	\$ 776,312
	TOTAL ASSETS	\$ 1,141,099	\$ 1,101,444

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
		09/30/02	09/30/03
	CURRENT LIABILITES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	36,079	36,804
236	Accrued Taxes	16,032	18,938
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 52,111	\$ 55,742
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	524,150	508,411
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction *	104,829	104,829
272	Less: Amortization of Contributions *	(29,745)	(34,986)
281	Accumulated Deferred Income Tax	62,265	55,675
	TOTAL DEFERRED CREDITS	\$ 661,499	\$ 633,929
	TOTAL LIABILITIES	\$ 713,610	\$ 689,671
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 2,550	\$ 2,550
211	Paid in Capital in Excess of Par Value	5,180	5,180
215	Retained Earnings	419,759	404,043
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 427,489	\$ 411,773
	TOTAL LIABILITIES AND CAPITAL	\$1,141,099	\$1,101,444

* Includes off-site
Improvement fees

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR 09/30/02	CURRENT YEAR 09/30/03
461	Metered Water Revenue	\$ 285,000	\$ 284,549
460	Unmetered Water Revenue		
474	Other Water Revenues	4,174	2,783
	TOTAL REVENUES	\$ 289,174	\$ 287,333
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 93,123	\$ 110,106
610	Purchased Water		
615	Purchased Power	35,737	30,902
618	Chemicals		
620	Repairs and Maintenance	4,888	19,797
621	Office Supplies and Expense	7,753	7,295
630	Outside Services	8,167	9,231
635	Water Testing	4,725	4,804
641	Rents	6,124	5,245
650	Transportation Expenses	5,343	5,862
657	Insurance – General Liability	1,415	1,693
659	Insurance - Health and Life	5,820	5,820
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	6,651	7,275
403	Depreciation Expense *	66,182	67,591
408	Taxes Other Than Income **	12,233	7,441
408.11	Property Taxes	21,343	19,568
409	Income Tax	73	(676)
	TOTAL OPERATING EXPENSES	\$ 279,577	\$ 301,954
	OPERATING INCOME/(LOSS)	\$ 9,597	\$ (14,621)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 5,840	\$ 5,954
421	Non-Utility Income	4,148	1,332
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 9,988	\$ 7,286
	NET INCOME/(LOSS)	\$ 19,585	\$ (7,335)

* Depreciation \$ 71,424 \$ 72,833

Amortization of Contributions in
Aid of Construction & off-site
Improvement fees (5,242) (5,242)

\$ 66,182 \$ 67,591

** Included adjustment for deferred
taxes of: Page 7 \$ 2,400 \$ (4,160)

See Accountant's Compilation Report

COMPANY NAME Las Quintas Serenas Water Company

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	N/A	N/A	N/A	N/A
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate				
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 31,649

Meter Deposits Refunded During the Test Year \$ 5,875

WATER COMPANY PLANT DESCRIPTION

WELLS

	ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
#5	55-60-8531	50	200	513-805	10" - 8"	6"	1976
#6	55-60-8530	75	350 - 450	837	12"	6"	1971
#7	55-56-6940	40	650 - 850	910	12"	4"	1998

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
N/A		N/A	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
30,000 gallons	1	3,000 gallons	1
60,000 gallons	1	5,000 gallons	5

COMPANY NAME Las Quintas Serenas Water Company

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	Copper	250
3	Transite	240
4	Transite	19,840
5	N/A	N/A
6	Tansite	37,793
8	Transite	2,760
10	Transite	420
12	Transite	1,340
2	Plastic	1,550
4	Plastic	4,509
6	Plastic	17,510
8	Plastic	1,468
12	Plastic	1,950

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	700
3/4	1
1	36
1 1/2	6
2	4
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	1
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

Steel portable shed 8' x 20' (#5 well)

Steel portable shed 8' x 40' (#6 well)

OTHER:

COMPANY NAME: Las Quintas Serenas Water Company

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2003

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	867	8,368,600	8,787,000
FEBRUARY	867	10,863,800	11,407,000
MARCH	885	7,445,800	7,817,800
APRIL	878	9,887,200	10,351,800
MAY	876	11,239,000	11,811,000
JUNE	885	18,831,900	19,773,500
JULY	891	20,118,100	21,124,000
AUGUST	901	16,358,100	17,176,000
SEPTEMBER	897	12,510,000	13,131,500
OCTOBER	895	12,713,700	12,714,400
NOVEMBER	898	12,531,400	12,782,000
DECEMBER	904	8,839,900	8,840,900
TOTAL		N/A	155,716,900

Is the Water Utility located in an ADWR Active Management Area (AMA)?

(x) Yes () No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

(x) Yes () No

If yes, provide the GPCPD amount: 121.0

What is the level of arsenic for each well on your system. _____mg/l

(If more than one well, please list each separately)

Well #5	11
Well #6	14
Well #7	13

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Las Quintas Serenas Water Company YEAR ENDING 09/30/2003

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2003 was: \$ 18,638.44

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

LAS QUINTAS SERENAS WATER COMPANY

P.O. BOX 68
SAHUARITA, AZ 85629

BANK OF AMERICA, NA
222 W. ESPERANZA BLVD.
GREEN VALLEY, AZ 85614
91-170/1221

6546

4/16/2003

PAY TO THE ORDER OF Beth Ford; Pima County Treasurer

\$ **9,319.22

Nine Thousand Three Hundred Nineteen and 22/100 ***** DOLLARS ☐ ☐

Beth Ford; Pima County Treasurer
Pima County Treasurer's Office
PO Box 98765
Phoenix, Arizona 85038-0765

OPERATING ACCOUNT

MEMO 2nd Half Year Payment 2002 - Property Taxes

⑈006546⑈ ⑆122101706⑆

050⑈060212⑈

⑈0000931922⑈

⑈1720030198766⑈
1201 0044 009
30341048B2
⑈122101706⑈
FILE C 048 AZ

BANK OF AMERICA, NA TPE
⑈122101706⑈ ⑈12094 01 P01
00000412724156 04/17/03
3550489525

CREDIT TO T
OF THE WITH
WITHOUT PRE
REG. REGUL

LAS QUINTAS SERENAS WATER COMPANY

P.O. BOX 68
SAHUARITA, AZ 85629

BANK OF AMERICA, NA
222 W. ESPERANZA BLVD.
GREEN VALLEY, AZ 85614
91-170/1221

6357

10/29/2002

PAY TO THE ORDER OF Beth Ford; Pima County Treasurer

\$ **9,319.22

Nine Thousand Three Hundred Nineteen and 22/100 ***** DOLLARS

Beth Ford; Pima County Treasurer
Pima County Treasurer's Office
PO Box 98765
Phoenix, Arizona 85038-0765

OPERATING ACCOUNT

MEMO 1st Half Year Payment 2002 - Property Taxes

⑈006357⑈ ⑆122101706⑆

050⑈0602⑈

⑈0000931922⑈

103120025198766
1207 0302 067
DATE: 10/31/02
FILE: 10-048-AZ-100

BANK OF AMERICA/NA TPE
⑈122101706⑈ E2303 01 P01
10/31/02

3150733506

CREDIT TO TR
OF THE WITHI
WITHOUT PRE.
FEE: REGULAR

Payee: Ruth Ford; PC Treasurer,
Address: PC Treasurer's Office
PO Box 927605,
Phoenix, Arizona 85038-0765

Paid: 102902

Invoice Number: _____[illegible]

COMPANY NAME Las Quintas Serenas Water CompanyYEAR ENDING 09/30/2003INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported
Estimated or Actual Federal Tax Liability

(5,451)

-0-

State Taxable Income Reported
Estimated or Actual State Tax Liability

2,032

142

RECEIVED

APR 01 2004

**CORPORATION COMMISSION
DIRECTOR OF UTILITIES**

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances
Amount of Gross-Up Tax Collected
Total Grossed-Up Contributions/Advances

-0-

-0-

-0-

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Steve H Gay
SIGNATURE3/31/07
DATESteve Gay

PRINTED NAME

Manager

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

APR 01 2004

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Pima</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Steve Gay</u>
COMPANY NAME	<u>Las Quintas Serenas Water Compay</u>

**ARIZONA CORPORATION COMMISSION
DIRECTOR OF UTILITIES**

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2003</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2003 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 306,613.22

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 22,564.85
IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Steve H. Gay
SIGNATURE OF OWNER OR OFFICIAL
520-625-8040
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME Lanna P. Davis

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

31st

DAY OF

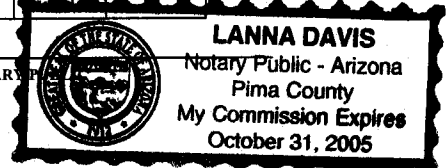
COUNTY NAME	<u>Pima</u>
MONTH	<u>March 31</u>
YEAR	<u>2004</u>

(SEAL)

MY COMMISSION EXPIRES

10/31/05

SIGNATURE OF NOTARY



VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

RECEIVED

APR 01 2004

**ARIZONA CORPORATION COMMISSION
DIRECTOR OF UTILITIES**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) <u>Pima</u>	
NAME (OWNER OR OFFICIAL) <u>Steve Gay</u>	TITLE <u>Manager</u>
COMPANY NAME <u>Las Quintas Serenas Water Company</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2003

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

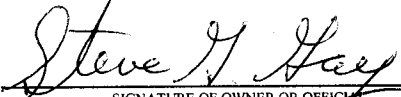
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2003 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>248,356.71</u>

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 18,277.53
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.



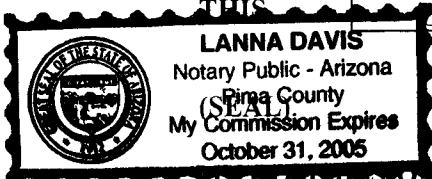
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 31st DAY OF

NOTARY PUBLIC NAME <u>Lanna R Davis</u>	
COUNTY NAME <u>Pima</u>	
MONTH <u>March</u>	. <u>2004</u>



MY COMMISSION EXPIRES

X 

SIGNATURE OF NOTARY PUBLIC

10/31/05

Las Quintas Serenas Water Company
Arizona Corporation Commission Utilities Division
Annual Report
For Year Ending December 31, 2003

Note 1 - Reporting Period:

Las Quintas Serenas Water Company is a corporation which has a fiscal year of September 30 for income tax reporting purposes. The company has asked for and received permission from the Arizona Corporation Commission to report the financial information contained in the annual report using the same reporting period it uses for income tax purposes. Therefore, the financial information contained in this report is for the fiscal years ending September 30, 2003 and 2002 with the following exceptions. The information contained on the "Verification and Sworn Statement" and the "Verification and Sworn Statement - Residential Revenue" is for the calendar year ending December 31, 2003.